



Robin K. Matsunaga  
Ombudsman

Mark G.S. Au  
First Assistant

**OFFICE OF THE OMBUDSMAN  
STATE OF HAWAII**

465 South King Street, 4<sup>th</sup> Floor  
Honolulu, Hawaii 96813  
Tel: 808-587-0770 Fax: 808-587-0773 TTY: 808-587-0774  
complaints@ombudsman.hawaii.gov

**TESTIMONY OF ROBIN K. MATSUNAGA, OMBUDSMAN,  
ON H.B. NO. 1465, A BILL FOR AN ACT  
MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES  
OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE  
BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

**HOUSE COMMITTEE ON FINANCE**

**FEBRUARY 4, 2015**

Chair Luke and Members of the Committee on Finance:

Thank you for the opportunity to present testimony in strong support of H.B. No. 1465. The purpose of this bill is to provide appropriations for the legislative branch, including the Office of the Ombudsman. Section 10 of this bill appropriates \$1,216,170 for the operations of the Office of the Ombudsman for FY 2015-2016.

As you know, the function of the Ombudsman is to receive and investigate complaints from citizens about administrative acts of state and county government agencies and employees. During the past year, we have been able to conduct our investigations timely and thoroughly and have successfully persuaded agencies to take corrective action when necessary. In doing so, we have been able to ensure the fair and reasonable treatment of Hawaii's citizens, and at the same time helped improve their confidence in government.

The appropriation in Section 10 of this bill represents the same amount provided in the current fiscal year for the operating budget of the Ombudsman, less a one-time appropriation of \$25,000 that the legislature appropriated last year for the replacement of network equipment that were past end-of-life and could not provide the functionality or capacity needed for the office to operate at optimal efficiency.

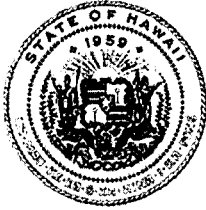
Your support of this bill and the appropriation in Section 10 will allow my office to continue to timely, independently, and impartially investigate citizen complaints about the administrative acts of state and county agencies and their employees. Attached for your information is a breakdown and comparison of my office's proposed budget for FY 2015-2016 and the current fiscal year.

Thank you for your consideration of this testimony.

## Attachment

OFFICE OF THE OMBUDSMAN  
OPERATING BUDGET  
FY 2015-2016 vs. FY 2014-2015

	<u>Proposed FY 2015-2016</u>	<u>FY 2014-2015</u>
<b>A. PERSONAL SERVICES</b>		
Staff Salaries	1,156,770 (15)	1,156,770 (15)
<b>SUBTOTAL PERSONAL SERVICES</b>	<b>1,156,770</b>	<b>1,156,770</b>
<b>B. OTHER CURRENT EXPENSES</b>		
Office Supplies & Postage	6,600	6,600
Telephone	6,000	6,000
Intra-state Transportation & Subsistence	2,000	2,000
Out-of-state Transportation & Subsistence	6,000	6,000
Printing, Advertising & Publications	5,000	5,000
Maintenance - Office Equipment	4,000	4,000
Equipment Rental	4,500	4,500
Training/Subscriptions/Dues	6,000	6,000
Other Miscellaneous Current Expense	1,100	1,100
Computer Services	15,000	15,000
Risk Management	<u>(included w/Other)</u>	<u>(included w/Other)</u>
<b>SUBTOTAL OTHER CURRENT EXPENSES</b>	<b>56,200</b>	<b>56,200</b>
<b>C. EQUIPMENT, FURNISHINGS, &amp; BOOKS</b>		
Equipment	2,100	2,100
Furnishings	550	550
Books	<u>550</u>	<u>550</u>
<b>SUBTOTAL EQUIP, FURNISHINGS, BOOKS</b>	<b>3,200</b>	<b>3,200</b>
<b>TOTAL OPERATING BUDGET</b>	<u><b>1,216,170</b></u>	<u><b>1,216,170</b></u>
<b>NETWORK EQUIPMENT REPLACEMENT</b>	<b>--</b>	<b>25,000</b>
<b>TOTAL BUDGET REQUEST</b>	<u><b>1,216,170</b></u>	<u><b>1,241,170</b></u>



# HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

---

## TESTIMONY OF THE HAWAII STATE ETHICS COMMISSION

**BILL NO:** H.B. No. 1465, MAKING APPROPRIATIONS TO PROVIDE  
FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR,  
THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN,  
AND THE ETHICS COMMISSION

**TO:** The Honorable Sylvia Luke, Chair  
The Honorable Scott Y. Nishimoto, Vice Chair  
The Honorable Members  
House Committee on Finance  
State Capitol, Room 306  
415 South Beretania Street  
Honolulu, Hawaii 96813

**FROM:** Hawaii State Ethics Commission

**TESTIFYING:** Leslie H. Kondo, Executive Director  
Hawaii State Ethics Commission

**EXHIBITS:** Nos. 1 - 5

**DATE:** Wednesday, February 4, 2015

**TIME:** 2:00 p.m.

**ROOM:** Conference Room 308

---

The Hawaii State Ethics Commission supports H.B. No. 1465, as it relates to the Commission's appropriation of \$1,008,895 for FY 2015-2016. The Commission appreciates the legislature's support of the Commission's work to ensure that public officers and employees exhibit the highest standards of ethical conduct as mandated by Article XIV of the Hawaii State Constitution.

For FY 2015-2016, the Commission respectfully requests \$1,008,895, as provided by H.B. No. 1465, which is the same amount appropriated to the Commission for the current fiscal year, FY 2014-2015.

I. Duties of the Hawaii State Ethics Commission

The Commission is responsible for the administration and enforcement of the State Ethics Code and the State Lobbyists Law, Chapters 84 and 97, Hawaii Revised Statutes ("HRS"), respectively. The State Ethics Code includes laws relating to the acceptance and reporting of gifts, confidential information, "fair treatment" or the prohibited misuse of official position, conflicts of interests, state contracts, and post-employment restrictions. The State Ethics Code also includes a provision requiring the reporting of financial interests by state legislators, state employees, and candidates for state elective office. The State Lobbyists Law, which applies to lobbying activities at the state level, requires lobbyists to register with the Commission, and requires lobbyists and organizations that lobby to report lobbying expenditures and contributions on forms filed with the Commission.

The Commission has five members, who are nominated by the State Judicial Council and appointed by the Governor for four-year terms. The current members of the Commission are Edward L. Broglio (Chairperson), David O'Neal (Vice Chairperson), Susan N. DeGuzman, Ruth D. Tschumy, and Melinda Wood.

The Commission currently employs a staff of ten: an executive director and an associate director; four staff attorneys; a computer specialist; and three secretarial staff. Despite the small size of the agency and other limited resources, the Commission's responsibilities are extensive.

For purposes of the State Ethics Code, the Commission has jurisdiction over approximately 60,000 state employees, including all appointed and elected state officials and employees, state legislators, employees of the legislative, executive, and judicial branches of government (with the exception of judges), and members of all state boards and commissions. The State Ethics Code's financial disclosure law also applies to all candidates for state elective office. For purposes of Chapter 97, HRS, the Commission has jurisdiction over approximately 300 lobbyists and 300 organizations who lobby the state legislature or executive branch.

A. Ethics Education

The Commission is mandated by law to educate state officials and employees about ethics in government.<sup>1</sup> To fulfill this mandate, the Commission conducts ethics training sessions throughout the year. In 2014, the Commission conducted ethics training for over 1,700 state officials and employees, including 370 University of Hawaii administrators and employees on Oahu and the neighbor islands, 250 Department of

---

<sup>1</sup> HRS §84-31(a)(7).

Health (Environmental Health Administration) administrators and employees, 100 state government attorneys and 80 Department of Commerce and Consumer Affairs board and commission members. Training sessions for 200 Oahu state employees were held at Hale Pono'i in Kapolei and the State Capitol Auditorium, and ethics training sessions were also conducted for over 200 neighbor island employees on Maui, Kauai, Molokai and Hawaii island (Hilo and Kona).

The Commission believes that it is critical to provide ethics training for state employees to improve their general awareness of ethics and to prevent unknowing violations of the State ethics laws. In fact, for a surprising number of employees, the ethics training is their first exposure to the State Ethics Code.

#### B. Advisory Opinions and Guidance

The Commission also issues advisory opinions and other types of guidance about the application of the State Ethics Code and the State Lobbyists Law.<sup>2</sup> Every year, the Commission's attorneys respond to hundreds of requests for advice about these laws. In 2014, the Commission's attorneys received and responded to over 1,200 requests for advice from state legislators, state employees, lobbyists, and members of the public. The Commission's attorneys also issued over 250 staff opinion letters advising state employees and others about the application of the State Ethics Code and the State Lobbyists Law. The Commission considers its ability to provide timely and meaningful guidance and advice to be one of its most important functions.

#### C. Charges and Investigations

The Commission is also mandated to enforce the State Ethics Code and the State Lobbyists Law.<sup>3</sup> The Commission receives and reviews complaints and conducts investigations on a confidential basis concerning alleged violations of the law. When appropriate, the Commission initiates formal charges against individuals who appear to have violated the law.<sup>4</sup> If there is probable cause to believe that a violation of the law has occurred, the Commission may hold a contested case hearing in accordance with HRS Chapter 91, Hawaii's Administrative Procedure Act.

---

<sup>2</sup> HRS §84-31(a)(2) and §97-6(a)(3).

<sup>3</sup> HRS §84-31(a) and §97-6(a).

<sup>4</sup> A "charge" is a formal complaint alleging a violation of one or more provisions of the State Ethics Code or the Lobbyists Law. Charges may be filed by the Commission or by an individual or organization. Charges must be in writing and must be signed by the person making the charge under oath or, if initiated by the Commission, must be signed by three or more members of the Commission. HRS §84-31(b).

In 2014, the Commission received approximately 140 complaints and received or initiated 11 charges. The increased number of complaints and charges has required more staff resources to be dedicated to the Commission's enforcement activities. Many of the cases have involved extensive investigations and have resulted in state employees paying relatively substantial administrative fines for actions that the Commission believed were inconsistent with the minimum standards of conduct established in the State Ethics Code or the reporting requirements of the Lobbyists Law.

D. Financial Interests Disclosures, Gifts Disclosures, and  
Lobbying Registrations and Reports

The Commission also administers the filing requirements of the financial disclosure law, the gifts disclosure law, and the lobbying registration and reporting laws. These filing requirements help provide accountability and transparency in government. In 2014, the Commission received approximately 1,900 financial interests disclosure statements from state officials and employees, approximately 200 candidates financial interests disclosure statements, and approximately 180 gifts disclosure statements. The Commission also received approximately 380 lobbyist registrations and over 1,700 lobbying expenditures and contributions reports in 2014.

Additional information about the Commission's educational, advisory, and enforcement activities in 2014 is attached.

II. Budget Request for FY 2015-2016

The Commission is requesting an appropriation of \$1,008,895 for FY 2015-2016. This is the same amount appropriated to the Commission for the current fiscal year.

In contrast to most state agencies, including the other legislative service agencies, the Commission is located in a private building (i.e., a non-state facility) and must allocate funds within its budget for office rent. The Commission's lease provides for annual increases in rent as well as increases for common area maintenance and storage costs. For FY 2015-2016, the Commission anticipates its office rent and other lease-related expenses to be approximately \$98,000. The Commission's current budget, minus its lease rent obligation, is \$910,895. The Commission has the smallest budget of the legislative service agencies. While the Commission strongly supports the operations and missions of the other legislative service agencies, the Commission also believes that its operations and mission are equally important and should be funded accordingly.

Thank you for your consideration of the Hawaii State Ethics Commission's testimony in support of H.B. No. 1465.

**HAWAII STATE ETHICS COMMISSION**  
**Budget for FY 2015-16**  
**(With Comparative Amounts for FY 2014-15)**

	<u>2014-2015</u> <u>Appropriation</u>	<u>2015-2016</u> <u>Estimated</u> <u>Expenditures</u>	<u>Variance</u>
<b>PERSONAL SERVICES:</b>			
Staff salaries	\$ 717,204	\$ 816,568	\$ 99,364
Cost Adjustments (Act 138, 2013 SLH) <sup>1</sup>	<u>99,364</u>	<u></u>	<u>(99,364)</u>
Total Personal Services	<u>816,568</u>	<u>816,568</u>	<u>-</u>
<b>OTHER EXPENSES:</b>			
Office expenses	15,524	15,524	-
Intrastate transportation and travel	8,000	8,000	-
Out-of-state travel	6,490	6,490	-
Equipment rental and maintenance	10,985	10,985	-
Dues, subscriptions, training	13,670	13,670	-
Newspaper advertisements	1,600	1,600	-
Commission meetings, investigations, and hearings	25,500	25,500	-
Consulting services	9,558	9,558	-
Office furniture and equipment	3,000	3,000	-
Office rent	<u>98,000</u>	<u>98,000</u>	<u>-</u>
Total Other Expenses	<u>192,327</u>	<u>192,327</u>	<u>-</u>
<b>Total Budget</b>	<u><u>\$ 1,008,895</u></u>	<u><u>\$ 1,008,895</u></u>	<u><u>\$ -</u></u>

<sup>1</sup> Act 138, 2013 Session Laws of Hawaii, appropriated funds for FY 2013-2014 and FY 2014-2015 for cost adjustments for legislative officers and employees excluded from collective bargaining.

**HAWAII STATE ETHICS COMMISSION**  
**Statement Showing Budget for Office Operations**  
**By Object of Expenditure for FY 2015-16**

**Operating Budget**

Personal Services:

Staff salaries	\$ 816,568
----------------	------------

Total Personal Services	<u>816,568</u>
-------------------------	----------------

Other Expenses:

Office expenses	15,524
-----------------	--------

Intrastate transportation and travel	8,000
--------------------------------------	-------

Out-of-state travel	6,490
---------------------	-------

Rental and maintenance of equipment	10,985
-------------------------------------	--------

Dues, subscriptions, training	13,670
-------------------------------	--------

Newspaper advertisements	1,600
--------------------------	-------

Commission meetings, investigations, and hearings	25,500
---	--------

Consulting services	9,558
---------------------	-------

Office furniture and equipment	3,000
--------------------------------	-------

Office rent	<u>98,000</u>
-------------	---------------

Total Other Expenses	<u>192,327</u>
----------------------	----------------

Total Operating Budget	<u><u>\$ 1,008,895</u></u>
------------------------	----------------------------

**HAWAII STATE ETHICS COMMISSION**  
**Statement Showing Budget and Estimated Expenditures**  
**By Object of Expenditure for FY 2014-15**

	2014-2015 Approved <u>Budget</u>	2014-2015 Estimated <u>Expenditures</u>	<u>Variance</u>
<b>PERSONAL SERVICES:</b>			
Staff salaries	\$ 717,204	\$ 717,204	\$ -
Cost Adjustments (Act 138, 2013 SLH) <sup>1</sup>	<u>99,364</u>	<u>99,364</u>	<u>-</u>
Total Personal Services	<u>816,568</u>	<u>816,568</u>	<u>-</u>
<b>OTHER EXPENSES:</b>			
Office expenses	15,524	15,524	-
Intrastate transportation and travel	8,000	8,000	-
Out-of-state travel	6,490	6,490	-
Rental and maintenance of equipment	10,985	10,985	-
Dues, subscriptions, training	13,670	13,670	-
Newspaper advertisements	1,600	1,600	-
Commission meetings, investigations, and hearings	25,500	25,500	-
Consulting services	9,558	9,558	-
Office furniture and equipment	3,000	3,000	-
Office rent	<u>98,000</u>	<u>98,000</u>	<u>-</u>
Total Other Expenses	<u>192,327</u>	<u>192,327</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 1,008,895</u></u>	<u><u>\$ 1,008,895</u></u>	<u><u>\$ -</u></u>

<sup>1</sup> Act 138, 2013 Session Laws of Hawaii, appropriated \$99,364 to the Commission to fund cost adjustments for legislative officers and employees excluded from collective bargaining for FY 2014-15.

# Hawaii State Ethics Commission Major Functions

I STATE'S ETHICS LAW	II STATE'S LOBBYISTS LAW	III FINANCIAL DISCLOSURE LAW	IV GIFTS DISCLOSURE LAW	V CANDIDATES FINANCIAL DISCLOSURE LAW	VI EDUCATION RE: LAWS	VII LEGISLATION	VIII WEBSITE
Duties: • Administration • Legal Opinions • Enforcement • Rules	Duties: • Administration • Legal Opinions • Enforcement • Filings Per Year • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Filings Per Year • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Filings Per Year • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Filings Per Election • Auditing • Rules	Duties: • Mandatory Sessions • Sessions Developed by Office • Publications	Duties: • State Ethics Code • State Lobbying Law • Financial Disclosure Law • Gifts Disclosure Law • Candidates Financial Disclosure Law	Duties: • Development • Updating • Maintenance • Technology

IX DISCLOSURE FILINGS	Disclosure Filing Date	Approximate Number of Disclosures	X ADMINISTRATION
Annual Financial Interests Disclosures Statements	May 31	1,922	Duties: • Management • Supervision • Fiscal • Personnel • Procurement • Technology • Planning
Candidates Financial Interests Disclosures Statements	20 days before primary*	207	
Gifts Disclosure Statements	June 30	182	
Lobbyist Registration Statements	January**	385	
Lobbying Organizations Expenditure Reports	January 31	310	
Lobbying Organizations Expenditure Reports	March 31	282	
Lobbying Organizations Expenditure Reports	May 31	278	
Lobbyists Expenditure Reports	January 31	276	
Lobbyists Expenditure Reports	March 31	278	
Lobbyists Expenditure Reports	May 31	278	

**Note:** State's Ethics Laws: Chapter 84, Hawaii Revised Statutes  
State's Lobbyists Law: Chapter 97, Hawaii Revised Statutes

\* Filed every even-numbered year only.

\*\* Renewed every odd-numbered year for registered lobbyists.

**FULL-TIME STAFF: 10 Individuals**

# **Hawaii State Ethics Commission**

## **Statistics for Calendar Year 2014**

TABLE 1

<b>HAWAII STATE ETHICS COMMISSION  NUMBER OF REQUESTS FOR ADVICE AND COMPLAINTS  RECEIVED BY ATTORNEYS IN 2014</b>		
<b>MONTH</b>	<b>REQUESTS FOR ADVICE</b>	<b>COMPLAINTS</b>
January 2014	114	7
February 2014	89	12
March 2014	85	15
April 2014	105	18
May 2014	117	13
June 2014	85	13
July 2014	107	14
August 2014	96	5
September 2014	103	8
October 2014	122	15
November 2014	87	11
December 2014	93	8
<b>TOTAL</b>	<b>1,203</b>	<b>139</b>
<b>Total Number of Requests for Advice and Complaints Received in 2014</b>		<b>1,342</b>

TABLE 2

HAWAII STATE ETHICS COMMISSION ATTORNEY OPINION LETTERS ISSUED IN 2014	
MONTH	NUMBER OF LETTERS
January 2014	7
February 2014	6
March 2014	25
April 2014	30
May 2014	44
June 2014	12
July 2014	8
August 2014	30
September 2014	14
October 2014	22
November 2014	38
December 2014	18
<b>TOTAL</b>	<b>254</b>

TABLE 3

HAWAII STATE ETHICS COMMISSION INVESTIGATIONS OPENED IN 2014		
FILE NO.	DATE OPENED	DISPOSITION
2014-I-1	01/16/2014	Open
2014-I-2	03/19/2014	Closed
2014-I-3	03/19/2014	Closed
2014-I-4	03/19/2014	Closed
2014-I-5	03/19/2014	Closed
2014-I-6	03/19/2014	Closed
2014-I-7	03/19/2014	Open
2014-I-8	03/19/2014	Open
2014-I-9	03/19/2014	Open
2014-I-10	04/16/2014	Open
2014-I-11	04/16/2014	Open
2014-I-12	04/16/2014	Closed
2014-I-13	04/16/2014	Closed
2014-I-14	04/16/2014	Closed
2014-I-15	04/16/2014	Closed
2014-I-16	04/16/2014	Closed
2014-I-17	04/16/2014	Closed
2014-I-18	04/16/2014	Open
2014-I-19	07/18/2014	Closed
2014-I-20	07/23/2014	Open
2014-I-21	07/23/2014	Closed

FILE NO.	DATE OPENED	DISPOSITION
2014-I-22	07/23/2014	Open
2014-I-24	09/24/2014	Open
2014-I-25	09/24/2014	Open
2014-I-26	09/24/2014	Open
2014-I-27	09/24/2014	Open
2014-I-28	11/19/2014	Open
2014-I-29	11/28/2014	Open
TOTAL:	28 Investigations	

TABLE 4

HAWAII STATE ETHICS COMMISSION FORMAL CHARGES* FILED IN 2014			
FILE NO.	ETHICS CHARGE	LOBBYING CHARGE	COMPLAINANT
CHAR-14-00005	X		Individual or Organization-CLOSED
CHAR-14-00193	X		Individual or Organization-CLOSED
CHAR-14-00205	X		Hawaii State Ethics Commission
CHAR-14-00206	X		Hawaii State Ethics Commission
CHAR-14-00207	X		Hawaii State Ethics Commission
CHAR-14-00208	X		Hawaii State Ethics Commission
CHAR-14-00209	X		Hawaii State Ethics Commission
CHAR-14-00210	X		Hawaii State Ethics Commission
CHAR-14-00211	X		Hawaii State Ethics Commission
CHAR-14-00212	X		Hawaii State Ethics Commission
CHAR-14-00213	X		Hawaii State Ethics Commission
<b>TOTAL: 11</b>			

\* A "charge" is a formal complaint alleging a violation of one or more provisions of the State Ethics Code, chapter 84, HRS, or the Lobbyists Law, chapter 97, HRS. Charges may be filed by an individual or organization or by the Hawaii State Ethics Commission. Charges that are filed by an individual or organization must be in writing and signed by the person making the charge under oath. Charges initiated by the Commission must be signed by three or more members of the Commission.

TABLE 5

<b>HAWAII STATE ETHICS COMMISSION FINANCIAL INTERESTS DISCLOSURE STATEMENTS FILED BY LEGISLATORS, EMPLOYEES, AND BOARD AND COMMISSION MEMBERS IN 2014</b>	
Month	NUMBER FILED
January 2014	83
February 2014	20
March 2014	33
April 2014	269
May 2014	631
June 2014	318
July 2014	100
August 2014	31
September 2014	294
October 2014	57
November 2014	46
December 2014	40
<b>TOTAL</b>	<b>1,922</b>

TABLE 6

<b>HAWAII STATE ETHICS COMMISSION  FINANCIAL INTERESTS DISCLOSURE STATEMENTS  FILED BY CANDIDATES FOR STATE ELECTIVE OFFICE IN 2014  (Filing Deadline: July 18, 2014)</b>	
Month	NUMBER FILED
January 2014	0
February 2014	1
March 2014	1
April 2014	4
May 2014	10
June 2014	17
July 2014	158
August 2014	8
September 2014	0
October 2014	6
November 2014	1
December 2014	1
<b>TOTAL</b>	<b>207</b>

TABLE 7

<b>HAWAII STATE ETHICS COMMISSION GIFTS DISCLOSURE STATEMENTS FILED IN 2014</b>	
<b>STATE POSITION</b>	<b>NUMBER FILED</b>
Governor, Lt. Governor	2
Legislators	59
Employees	90
Board / Commission Members	31
<b>TOTAL</b>	<b>182</b>

TABLE 8

<b>HAWAII STATE ETHICS COMMISSION TOTAL NUMBER OF REGISTERED LOBBYISTS IN 2014 AND NUMBER OF CLIENTS REPRESENTED*</b>		
YEAR	NUMBER OF LOBBYISTS	NUMBER OF CLIENTS REPRESENTED
2014	359	385

\* Some clients are represented by more than one lobbyist. Each lobbyist must file a separate registration form for each client represented.

TABLE 9

<b>HAWAII STATE ETHICS COMMISSION            LOBBYING EXPENDITURES AND CONTRIBUTIONS REPORTS            FILED IN 2014</b>			
<b>FILERS</b>	<b>REPORTING PERIODS</b>		
	<b>05/01/13-12/31/13</b> (Jan. 31, 2014 Report)	<b>01/01/14-02/28/14</b> (Mar. 31, 2014 Report)	<b>03/01/14-04/30/14</b> (May 31, 2014 Report)
<b>LOBBYISTS</b>	<b>276</b>	<b>278</b>	<b>278</b>
<b>LOBBYISTS' CLIENTS</b>	<b>310</b>	<b>282</b>	<b>278</b>
<b>TOTAL REPORTS FILED</b>	<b>586</b>	<b>560</b>	<b>556</b>
<b>GRAND TOTAL</b>	<b>1,702</b>		

TABLE 10

<b>HAWAII STATE ETHICS COMMISSION TOTAL NUMBER OF DISCLOSURE FILINGS FOR 2014</b>	
Financial Interests Disclosure Statements filed by Legislators, Employees, and Board and Commission Members	1,922
Candidates Financial Disclosure Statements	207
Gifts Disclosure Statements	182
Lobbying Expenditures and Contributions Reports	1,702
Lobbyist Registrations (Two-year period 2013-2014)	385
<b>TOTAL</b>	<b>4,398</b>

TABLE 11

<b>HAWAII STATE ETHICS COMMISSION 2014 EDUCATION PROGRAM (Ethics Workshops and Presentations)</b>		
<b>DATE</b>	<b>PRESENTATIONS</b>	<b>NO. OF PARTICIPANTS</b>
01/10/14	Mandatory Ethics Training* (Session 1)	5
02/07/14	Mandatory Ethics Training* (Session 2)	5
03/21/14	Ethics Training for Employees of the University of Hawaii - Kapiolani Community College (Session 1)	50
03/21/14	Ethics Training for Employees of the University of Hawaii - Kapiolani Community College (Session 2)	20
05/21/14	Pre-Retirement Seminar (Contributory & Non-Contributory Plans)	65
05/21/14	Pre-Retirement Seminar (Hybrid Plan)	100
07/24/14	Ethics Training for University of Hawaii Administrators (Teleconference to other Oahu and Neighbor Island campuses)	100
07/24/14	Ethics Training for University of Hawaii Employees (Teleconference to other Oahu and Neighbor Island campuses)	200
08/18/14	General Ethics Training for State Employees in Hilo	70
08/18/14	General Ethics Training for State Employees on Maui	60

\* HRS §84-42 requires newly elected and appointed high-ranking state officers and employees to complete a mandatory ethics training course administered by the Hawaii State Ethics Commission.

DATE	PRESENTATIONS	NO. OF PARTICIPANTS
08/18/14	General Ethics Training for Judiciary Employees on Maui	25
09/10/14	Dept. of Human Resources Development Post-Employment Transition Workshop	100
09/24/14	Pre-Retirement Seminar (Contributory & Non-Contributory Plans)	30
09/25/14	Pre-Retirement Seminar (Hybrid Plan)	75
10/02/14	Ethics Training for Charter Schools Administrators	30
10/03/14	General Ethics Training for State Employees in Kona	23
10/14/14	Dept. of Health Environmental Health Services Conference	250
10/21/14	General Ethics Training for State Employees in Kapolei	40
10/23/14	General Ethics Training for State Employees in Molokai	12
10/28/14	General Ethics Training for State Employees on Oahu	160
10/29/14	MCLE Training for State Government Attorneys	100
10/30/14	General Ethics Training for State Employees on Kauai	40
12/05/14	Dept. of Commerce and Consumer Affairs Board and Commission Members Orientation	80
11/05/14	Ethics Overview for First Lady Dawn Ige	1
<b>TOTAL</b>	<b>24 PRESENTATIONS</b>	<b>1,789 Participants</b>

TABLE 12

<b>INFORMATION POSTED ON HAWAII STATE ETHICS COMMISSION WEBSITE</b>	
WEBSITE INTERNET URL:	<a href="http://ethics.hawaii.gov">http://ethics.hawaii.gov</a>
YEAR ESTABLISHED:	1998
<ul style="list-style-type: none"> <li>• Search Engine (ENHANCED)</li> <li>• News Releases</li> <li>• Who We Are and What We Do <ul style="list-style-type: none"> <li>○ General Information about the Hawaii State Ethics Commission</li> <li>○ Duties of the Hawaii State Ethics Commission</li> </ul> </li> <li>• Constitution, Statutes, and Rules <ul style="list-style-type: none"> <li>○ Article XIV, Constitution of the State of Hawaii</li> <li>○ State Ethics Code, Chapter 84, HRS</li> <li>○ State Lobbyists Law, Chapter 97, HRS</li> <li>○ Title 21, Administrative Rules of the Hawaii State Ethics Commission</li> </ul> </li> <li>• Advisory Opinions, Informal Advisory Opinions, Decisions, Resolutions of Charges/Investigations, and Ethics Advisories</li> <li>• Public Financial Disclosure Filings, Including Filings for Candidates for Public Office</li> <li>• Gifts Disclosure Filings</li> <li>• Lobbying Filings <ul style="list-style-type: none"> <li>○ Lobbyist Registration Statements</li> <li>○ Lists of Registered Lobbyists</li> <li>○ Lists of Organizations Represented by Registered Lobbyists</li> <li>○ Registered Lobbyists' Lobbying Expenditure Statements</li> <li>○ Organizations' Lobbying Expenditure Statements</li> <li>○ Lists of Total Lobbying Expenditures Reported by Organizations</li> </ul> </li> <li>• Contract Notice Filings (Pursuant to HRS §84-15(a))</li> </ul> <p style="text-align: center;">(continued)</p>	

TABLE 12 (continued)

- Publications and Guidelines
  - *The High Road* Newsletter
  - Ethics Guide
  - Ethics Checklist
  - Guidelines for Gifts under the State Ethics Code
  - Campaigning
  - Fund Raising in State Offices
  - Application of the State Ethics Code to Dept. of Education Teachers
  - Post Employment Restrictions
  - Information for Legislators
  - Lobbying
  - Overview of the State Ethics Code for State Board and Commission Members
- Forms and Instructions:
  - Financial Disclosure Forms and Instructions
  - Gifts Disclosure Forms and Instructions
  - Lobbying Forms and Instructions
- Related Links to State, County Ethics, and Federal Ethics Agencies
- News
- Testimony on Legislation Relating to Ethics and Lobbying
- Filing Deadlines
- Meeting Notices and Sunshine Law Minutes of the Hawaii State Ethics Commission
- Hawaii State Ethics Commission Contact Information
  - Office Location
  - Mailing Address
  - Phone/Fax
- Follow us on Twitter (link to follow Hawaii State Ethics Commission's Tweets)

TABLE 13

<b>HAWAII STATE ETHICS COMMISSION  RECORDS CHECK OF APPLICANTS FOR JUDICIAL OFFICE PERFORMED  AT THE REQUEST OF THE STATE JUDICIAL SELECTION COMMISSION  IN 2014</b>						
MONTH	NUMBER OF APPLICANTS					
	Supreme Court	First Circuit Court	Second Circuit Court	Third Circuit Court	Fifth Circuit Court	Total Applicants Per Month
January				15		15
February		5				5
March						
April			1			1
May		2	1			3
June		5	1			6
July		24	1	11		36
August				3		3
September		21				21
October		4		2	1	7
November				1	1	2
December		1		1		2
<b>TOTAL Per Court:</b>	0	62	4	33	2	<b>Grand Total: 101</b>

TABLE 14

<b>HAWAII STATE ETHICS COMMISSION DISCLOSURE RECORDS AVAILABLE FOR PUBLIC INSPECTION*</b>	
1	Public Financial Disclosure Statements (Legislators, Other Elected State Officials, Appointed State Officials, and Candidates for State Elective Office)
2	Gifts Disclosure Statements
3	Lists of Registered Lobbyists
4	Lobbyist Registration Statements
5	Lobbying Expenditure Statements of Registered Lobbyists
6	Lists of Organizations Represented by Registered Lobbyists
7	Lobbying Expenditure Statements of Organizations
8	Total Amounts of Lobbying Expenditures Reported by Organizations
9	Notices of Intent to Award Contracts to a Legislator or Employee, or Business in Which a Legislator or Employee Has a Controlling Interest (filed pursuant to HRS Section 84-15(a))

\* Most records also available on the Hawaii State Ethics Commission website:  
<http://www.hawaii.gov/ethics>.

TABLE 15  
**HAWAII STATE ETHICS COMMISSION  
2014 PUBLICATIONS\***

Constitution

Article XIV, Hawaii State Constitution

Ethics Statutes, Administrative Rules, General Information

Chapter 84, Hawaii Revised Statutes, Standards of Conduct  
Hawaii State Ethics Commission Administrative Rules  
Ethics Guide for State Elected Officials, State Employees, State Board and  
Commission Members  
Ethics Checklist  
Outline of Substantive Areas of the State Ethics Code

Gifts and Gifts Disclosure

Guidelines for Gifts Under the State Ethics Code  
Questions and Answers on the Gifts Disclosure Law  
Gifts and the State Ethics Code

Campaigning

Campaign Restrictions for State Officials and State Employees  
Prohibited Use of State E-Mail for Campaign Purposes  
Prohibition on Candidate Campaign Walk-Throughs in State Agencies

Fundraising

Fundraising in State Offices  
Ethics Guidelines for AUW Fund Raiser Activities Conducted by State Agencies

Continuation of Table 15:

For Legislators

Guidelines on the Use of Legislators' Annual Allowance  
Attendance at "Appreciation" Receptions, Dinners, Meals, or Parties, etc.,  
Offered by Lobbyists  
Legislative Interns  
Informational or Educational Trips Solicited or Accepted by Legislators

For Teachers

The Application of the State Ethics Code to DOE Teachers Regarding Private  
Instruction for Pay  
The Application of the State Ethics Code to Furloughed Teachers

For State Board and Commission Members

Overview of the State Ethics Code for State Board and Commission Members

Post Employment

Post Employment Restrictions

Lobbying

Chapter 97, Hawaii Revised Statutes, Lobbyists  
Accrued or Incurred Lobbying Expenditures; Company Employee Lobbying  
Expenditures  
"Goodwill" Lobbying as Lobbying Expenditure  
Lobbying Registration and Reporting Manual  
Informational or Educational Trips as Lobbying Expenditures  
Public Statement Regarding Lobbying Charge and Requirements of the  
Lobbyists Law, Hawaii Revised Statutes, Chapter 97

\* All publications are available on the Hawaii State Ethics Commission website: <http://ethics.hawaii.gov>.

Charlotte A. Carter-Yamauchi  
Acting Director

Research (808) 587-0666  
Revisor (808) 587-0670  
Fax (808) 587-0681



LEGISLATIVE REFERENCE BUREAU  
State of Hawaii  
State Capitol  
415 S. Beretania Street, Room 446  
Honolulu, Hawaii 96813

## **HB1465**

### **MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

Testimony by the Legislative Reference Bureau  
Charlotte A. Carter-Yamauchi, Acting Director

Presented to the House Committee on Finance

Wednesday, February 4, 2015, 2:00 p.m.  
Conference Room 308

Chair Sylvia Luke and Members of the Committee:

I am Charlotte Carter-Yamauchi, Acting Director of the Legislative Reference Bureau (LRB). Thank you for this opportunity to comment on the Bureau's budget request for fiscal year 2015-2016.

The LRB provides comprehensive, impartial research and reference services on legislative matters, primarily for the Legislature, but occasionally also for other governmental agencies, other entities, and the general public.

The Bureau's major functions include:

- Providing research and drafting services, including drafting bills and other legislative documents, such as bill reviews and committee reports, at the request of the Legislature, legislative committees, and individual legislators. We prepare studies and reports and issue memoranda on various issues. We strive to maintain a standard of being objective, impartial, nonpartisan, and fair in all of our research and treatment of clients.
- Engaging in statutory revision, including the publication of the Session Laws of Hawaii, the Hawaii Revised Statutes and all cumulative Supplements thereto, and annual Replacement Volumes to the Hawaii Revised Statutes. We also establish the format for administrative agency rules and compile and publish a table indicating those administrative rules that implement or interpret state laws.

- Maintaining a reference library as an information resource primarily for the Legislature and legislative staff, but which is also used by other government agencies and the general public. Our library provides outstanding services, including online information services, and maintains the Bureau's website, which is designed to facilitate legislative research by providing links to other important websites.
- Maintaining a legislative systems office that purchases, maintains, and provides technical support for the computer hardware, software, and other equipment for the Bureau and coordinates the integration of the Bureau's computer system with the House and Senate information systems. The systems office also maintains the Bureau's data management system, which is critical to our internal operations, such as workload tracking, and is used by Bureau staff and other legislative research offices to access information and research on the subject matter and status of legislative documents on a continuous basis during legislative sessions.
- Maintaining the Public Access Room, which was established by the Legislature to ensure public participation in the legislative process. Our Public Access Room staff, working with librarians and others on the neighbor islands, have expanded the availability of legislative information, materials, and services far beyond Oahu. In addition, although no moneys are contained in the Bureau's budget to fulfill the responsibility, our Public Access Room staff is separately tasked by the Legislature with coordinating the Legislative Broadcasting Project of the House of Representatives and the Senate.

We note that the actual dollar appropriation made to the Bureau each year is usually higher than the amount of the Bureau's operating budget. This additional amount reflects the Legislature's appropriation for the CSG annual dues and the NCSL annual dues, which is typically added to the Bureau's budget to pay on behalf of the Legislature. Accordingly, the present appropriation amount of \$3,440,969 in section 9 of H.B. No. 1465 (2015) includes a pass-through appropriation of \$98,277 for CSG dues and a pass-through appropriation of \$130,472 for NCSL dues, leaving \$3,212,220 for the operating expenses of the Bureau for fiscal year 2015-2016.

We have attached a series of exhibits that provide more detailed information on Bureau operations.

- Exhibit A      Details of the systems office budget
- Exhibit B      Details of the library budget
- Exhibit C      Details of the Public Access Room budget
- Exhibit D      Details of the statute revision budget
- Exhibit E      Functions and services provided by LRB

Thank you.

**LEGISLATIVE REFERENCE BUREAU  
BUDGET REQUEST FOR FY 2015-2016**

	<u>2014-2015 APPROPRIATION</u>	<u>2015-2016 BUDGET REQUEST</u>
<u>BILL DRAFTING &amp; RESEARCH</u>		
Personal Services:		
Staff	\$ 964,569 (12)	\$ 1,024,637 (12)
TOTAL BILL DRAFTING & RESEARCH	\$ 964,569	\$1,024,637
 <u>SYSTEMS OFFICE</u>		
Personal Services:		
Staff	315,864 (6)	341,133 (6)
Session Staff	70,000	70,000
Other Current Expenses	64,866	64,866
TOTAL SYSTEMS OFFICE	450,730	475,999
 <u>LIBRARY</u>		
Personal Services:		
Staff	324,900 (6)	353,324 (6)
Other Current Expenses	64,201	64,201
TOTAL LIBRARY	389,101	417,525
 <u>PUBLIC ACCESS ROOM</u>		
Personal Services:		
Staff	99,936 (2)	110,000 (2)
Session Staff	25,000	25,000
Other Current Expenses	16,216	16,216
TOTAL PUBLIC ACCESS ROOM	141,152	151,216
 <u>GENERAL SUPPORT</u>		
Personal Services:		
Staff	296,148 (5.5)	319,840 (5.5)
Student Staff	30,000	30,000
Overtime	25,000	25,000
Other Current Expenses	83,935	83,935
TOTAL GENERAL SUPPORT	435,083	458,775
 <u>REVISOR OF STATUTES</u>		
Personal Services:		
Staff	388,063 (6.5)	414,607 (6.5)
Other Current Expenses	269,461	269,461
TOTAL REVISOR OF STATUTES	657,524	684,068
 TOTAL LRB	 \$3,038,159 *	 \$3,212,220 *
CSG Dues	98,117	98,277
NCSL Dues	127,671	130,472
 TOTAL LRB + CSG + NCSL DUES	 \$3,263,947	 \$3,440,969 **

\*Amount does not include CSG & NCSL Dues.

\*\*Amount includes appropriation of \$174,061 for CB from Act 138, SLH 2013.

EXHIBIT A

SYSTEMS OFFICE  
BUDGET REQUEST FOR FISCAL YEAR 2015-2016

OTHER CURRENT EXPENSES

	<u>2014-2015</u> <u>APPROPRIATION</u>	<u>2015-2016</u> <u>BUDGET REQUEST</u>
Software/Hardware Maintenance	\$10,978	\$10,978
Acquisition of Software/Hardware	9,626	9,626
Equipment Rental	4,320	4,320
Data Communication	2,520	2,520
Telephone	1,440	1,440
General Supplies	4,102	4,102
Staff Training Programs, etc.	8,640	8,640
Publication, Training Manuals, etc.	1,800	1,800
Services on Fee	1,440	1,440
Other Current Expenses	<u>20,000</u>	<u>20,000</u>
TOTAL	\$64,866	\$64,866

EXHIBIT B

LIBRARY DIVISION  
BUDGET REQUEST FOR FISCAL YEAR 2015-2016

OTHER CURRENT EXPENSES

	<u>2014-2015</u> <u>APPROPRIATION</u>	<u>2015-2016</u> <u>BUDGET REQUEST</u>
Books	\$17,585	\$16,321
Online Information Services		
Westlaw	27,473	30,000
Print Subscriptions and Dues	11,243	9,980
Web Catalog		
Maintenance	3,000	3,000
Upgrades	700	700
Computer Hardware, Software, Maintenance and Supplies	500	500
Copier Maintenance and Supplies	3,000	3,000
Office and Library Supplies	400	400
Staff Development and Training	<u>300</u>	<u>300</u>
TOTAL	\$64,201	\$64,201

EXHIBIT C

PUBLIC ACCESS ROOM  
BUDGET REQUEST FOR FISCAL YEAR 2015-2016

OTHER CURRENT EXPENSES

	<u>2014-2015</u> <u>APPROPRIATION</u>	<u>2015-2016</u> <u>BUDGET REQUEST</u>
Office supplies	\$ 800	\$ 800
Equipment maintenance	7,068	7,068
Subscriptions	240	240
Neighbor island workshops	6,480	6,480
Postage	80	80
Staff development and training	1,440	1,440
Other	<u>108</u>	<u>108</u>
TOTAL	\$16,216	\$16,216

EXHIBIT D

REVISOR OF STATUTES DIVISION  
BUDGET REQUEST FOR FISCAL YEAR 2015-2016

The requested appropriation by the Division includes \$268,251 in 2015-2016 for the production and printing of the Session Laws, the Hawaii Revised Statutes Supplement, and the Hawaii Revised Statutes Replacement Volume.

2015 Session Laws.....	\$ 38,000
2,200 volumes; 1,200 pages each volume.	
2015 HRS Supplement.....	\$178,000
2,400 sets; 5,000 pages each set.	
2015 HRS Replacement volume.....	\$ 52,251
2,500 volumes; 850 pages each volume.	
	<hr/>
	\$268,251

OTHER CURRENT EXPENSES

	<u>2014-2015</u> <u>APPROPRIATION</u>	<u>2015-2016</u> <u>BUDGET REQUEST</u>
Office Supplies	\$ 378	\$ 378
Postage	756	756
Notices, Publication of	76	76
Printing	<u>268,251</u>	<u>268,251</u>
TOTAL	\$269,461	\$269,461

## Exhibit E

### THE LEGISLATIVE REFERENCE BUREAU

The Legislative Reference Bureau is a nonpartisan legislative service agency that provides a wide variety of comprehensive impartial research and reference services to the Legislature as a whole and to individual legislators and legislative committees. In some cases, the Bureau also provides nonpartisan services for other government agencies, other entities, and the general public. Presently, the Bureau consists of five separate and distinct divisions: Research, Statute Revision, Systems Office, Library, and the Public Access Room. By law, the services provided by the Bureau to legislators are confidential, unless the confidentiality is waived by the requestor.<sup>1</sup>

It is important to note that the Bureau as a whole, and the Research Division in particular, has no control over the amount of work assigned to it from either house of the Legislature. The decision to utilize the services of the Bureau is left entirely to the discretion of the members. The preference of members to use a particular research/drafting agency may fluctuate over time based upon any number of factors. Further, many members often use the services of more than one research/drafting agency.

What follows is a detailed description of the work of each division of the Bureau. Recognizing that workloads fluctuate from session to session for a variety of reasons, an effort has been made to present detailed workload statistics for a five-year period, to the extent available, to provide a more comprehensive picture of the LRB's operations.

#### Research Division

The Research Division assists the Legislature through comprehensive, nonpartisan research memoranda and reports and drafting of various legislative documents. The Research Division's work includes drafting bills, resolutions, bill reviews and legal checks, committee reports, floor amendments, draft language, letters and memoranda, and published reports and studies. In addition, Research Division staff members are sometimes tasked with supporting legislative task forces and working groups and preparing operational documents such as Requests for Proposals and procurement contracts for the Legislature.<sup>2</sup>

Between fiscal years 2009-2010 and 2013-2014, the Research Division responded to 21,635 requests for services. In each year, the Research Division responded to an average of 4,327 requests for services. (See Table 1 for year-by-year totals.)

*(Note: The totals and averages provided here and in Table 1 reflect the number of original requests responded to by the Research Division. They do not reflect requests for revisions to original documents, i.e., documents that are returned to the Research Division by a legislator for changes, alternate versions of legislation, or additional research related to a prior request for services. If treated as original requests, these revisions would add over 500 additional requests to the Research Division's number for total requests each year.)*

Table 1. Research Division Requests (FY 2009-2010 - FY 2013-2014)																				
	FY 09-10				FY 10-11				FY 11-12				FY 12-13				FY 13-14			
	House		Senate		House		House		House		Senate		House		Senate		House		Senate	
	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber
Bills for Introduction	1150	65%	610	35%	1306	62%	786	38%	843	64%	466	36%	696	76%	224	24%	760	63%	448	37%
Bill Drafts (HDs, SDs, CDs) & Floor Amendments	114	33%	231	67%	144	28%	377	72%	127	26%	361	74%	114	25%	350	75%	127	20%	499	80%
Committee Reports	28	10%	253	90%	46	10%	405	90%	41	8%	468	92%	236	33%	470	67%	109	18%	512	82%
Resolutions	446	72%	170	28%	357	66%	183	34%	254	71%	106	29%	156	88%	22	12%	252	80%	61	19%
Certificates	21	64%	12	36%	17	89%	2	11%	1	100 %	0	0%	6	100%	0	0%	4	100%	0	0%
Bill/Resolution Language	3	100%	0	0%	1	100%	0	0%	n/a	n/a	n/a	n/a	7	88%	1	12%	1	100%	0	0%
Bill Reviews	481	66%	251	34%	607	63%	358	37%	578	57%	431	43%	497	57%	377	43%	455	50%	451	50%
Research Memos	94	79%	25	21%	96	71%	39	29%	68	69%	30	30%	54	76%	17	24%	95	80%	24	20%
TOTAL HOUSE & SENATE REQUESTS	2337	60%	1552	40%	2574	54%	2150	46%	1912	51%	1862	49%	1766	55%	1461	45%	1803	47%	1993	53%
Administration Measures (formatting and proofing; preparation for Legislature's website) <sup>3</sup>	146				108				203				237				137			
Formatting Acts (preparation for publisher--session laws and supplements) <sup>4</sup>	250				252				329				288				249			
Miscellaneous (projects, studies, task force reports, RFPs, etc.)	7				4				4				4				7			
TOTAL ALL REQUESTS	4292				5088				4310				3756				4189			

This table shows the distribution of the various types of requests for services completed by the Research Division. Requests completed for the House appear in the orange column, along with the corresponding percentage of the total. Requests for the Senate appear in the blue column, along with the corresponding percentage of the total. Administration bills (which are assigned by legislative leadership to the Bureau for formatting), formatting acts, and miscellaneous requests are not allocated to either house, but appear in the overall total of requests handled by the Research Division.

Over the course of a two-year legislative biennium, the Research Division historically handles approximately 25% more requests in the first year of the biennium than in the second year of the biennium. As to be expected, the volume of requests is highest immediately before and during the legislative session (October to May).

Over the past five fiscal years, the Research Division has completed an average of 2,078 requests for services for the House and 1,803 requests for services for the Senate each year. Of the requests received by the Research Division, a five-year average of 48% come from the House and 42% come from the Senate (other requests such as formatting Administration bills and other task comprise the remaining 10%). While the overall majority of requests for service have generally come from the House, the Senate has typically requested the greater number of bill drafts and committee reports. To offer another perspective on the breakdown of requests for services completed for each house, if the foregoing figures are divided by each member of each respective house of the Legislature (per capita) over the five-year period, they would equate to the Research Division completing an average of 41 requests for each Representative and 72 requests for each Senator each year.

## **Statute Revision Division**

Chapter 23G, part II, Hawaii Revised Statutes (HRS), addresses the Bureau's statute revision and publication functions.<sup>5</sup> Under section 23G-11, HRS, the Director, or a member of the staff of the Bureau designated by the Director, serves as the Revisor of Statutes of the State. The Statute Revision Division reviews the laws enacted each session and is responsible for several publications that are published annually during the interim:

- The Session Laws of Hawaii, containing all the laws enacted and any constitutional amendments proposed during a legislative session, along with a suitable index and tables showing what statutes have been affected;
- The Hawaii Revised Statutes (HRS), containing all of Hawaii's laws that are of a general and permanent nature, which consists of:
  - The annual cumulative supplements to the HRS,<sup>6</sup> containing all subsequent amendments or repeals made to those statutory sections appearing in the most recent hardbound volumes and any new statutory sections that have been subsequently enacted into law; and
  - Hardbound replacement volumes to the HRS.<sup>7</sup>

The Statute Revision Division also engages in the continuous review of existing law to identify errors or inconsistencies in the HRS and session laws. As necessary, the Division prepares a statutory revision bill that is "housekeeping" in nature to correct the technical or nonsubstantive errors found in the HRS or session laws. The Division also is statutorily charged with prescribing and distributing a uniform format for all state agencies for the compiling and publication of their rules;<sup>8</sup> and publishes an annual table indicating administrative agency rules that implement or interpret state laws.<sup>9</sup> To facilitate the perceived intent of the Legislature and

to assist the agencies in meeting the mandated rules format, the Division staff, upon request, review state agencies' proposed administrative rules for conformance with a mandated format. Finally, during the legislative session, staff members from the Division frequently assist Research Division researchers with requests for legislative drafting.

<b>Table 2. Statutes Revision Division Requests</b>		
<b>Request Type/Requestor</b>	<b>No. of Requests FY 2013-2014</b>	<b>No. of Requests FY 2012-2013</b>
Assistance		
Hawaii State Government	136	81
Other Governments*	14	4
Private	31	16
Materials Sent	3	2
Review of Administrative Rules	21	15
<b>TOTAL</b>	<b>205</b>	<b>118</b>

\*Includes counties, other states, federal and foreign governments.

## Systems Office

The LRB's Systems Office purchases and maintains the computer hardware, software, and peripheral devices for all divisions of the Legislative Reference Bureau and coordinates the integration of the Bureau's computer systems with the House and Senate information systems. Pursuant to statute,<sup>10</sup> the Systems Office is also responsible for maintaining the Bureau's data management system, which is used by the Bureau staff to electronically access information relating to legislative documents, legislators, and the Legislature and for critical Bureau operations such as managing internal documents and workload tracking.

Using the data management software Concordance,<sup>11</sup> the Systems Office creates and maintains searchable databases of information on measures considered each session by the Legislature (since 1983) and builds and maintains databases of the Hawaii Revised Statutes and the Session Laws of Hawaii (since 1991).<sup>12</sup> Using these databases, the Systems Office is able to provide information on the subject matter, status, and history of legislation for the past thirty-two years. In addition, the Systems Office produces and disseminates bill status information via various annual publications (Crossover Bills, Bills Passed, Resolutions Adopted, etc.), which are also made available on the LRB's website. A significant portion of the work performed by the Systems Office, in creating and maintaining databases, tracking legislation, and customizing bill status reports, supports the work of legislators, their staff, and legislative research offices, as well as the other divisions of the Bureau, particularly the Research Division. The Systems Office also assists others in the use of Concordance and the databases. For example, research offices of the House of Representatives and the Senate use Concordance to access information on current and past legislation, as well as with searches in the Hawaii Revised Statutes and the Session Laws of Hawaii databases.

Requests for services of the Systems Office are captured according to four broad categories: information from computer, technical assistance, printouts, and general information. Requests for information from computer are requests for information maintained in the Concordance databases that may include bill status or bill tracking. These requests are generally handled over the phone or by email. Requests for technical assistance require Systems Office staff to assist with either hardware or software issues. Requests for printouts are requests for more extensive information for which a report is generated and provided to the requestor. Finally, general information requests involve Systems Office staff responding to inquiries that do not require access to the Concordance database. Over the past five fiscal years, the Systems Office has responded to an average of 1,009 requests each year. Requests for information from the computer and technical assistance make up the majority of the Systems Office's requests in any given year. (See Table 3.)

<b>Table 3. LRB Systems Office Requests</b>						
<b>Request Type</b>	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>Average per year</b>
Information from Computer	323	260	246	235	209	254
Technical Assistance	461	412	444	450	428	439
Printouts	170	138	90	103	124	125
Training	0	12	0	25	14	17 <sup>13</sup>
General Information	118	103	86	84	111	101
<b>TOTALS</b>	<b>1072</b>	<b>925</b>	<b>844</b>	<b>897</b>	<b>891</b>	<b>936</b>

Of the types of requests that it handles, the Systems Office only maintains requestor data for printouts. However, this sample may be seen as illustrative of the overall makeup of the Systems Office's requests. Over the past five years, an average of 38% of printout reports generated by the Systems Office have been at the request of members of the Senate. House members requested an average of 48% of report requests, and the remainder was provided to other governmental agencies. (See Table 4.)

<b>Table 4. LRB Systems Office Requests for Printouts</b>				
<b>Year</b>	<b>Total Printouts</b>	<b>House (%)</b>	<b>For Senate (%)</b>	<b>Other</b>
FY09-10	195	95 (56%)	79 (46%)	21 (12%)
FY10-11	138	50 (36%)	50 (36%)	38 (28%)
FY11-12	83	32 (36%)	32 (35%)	19 (21%)
FY12-13	102	65 (64%)	29 (29%)	8 (8%)
FY13-14	124	62 (50%)	52 (42%)	10 (8%)

## Library

The Legislative Reference Bureau is statutorily charged with maintaining a reference library as an information resource to serve and support the Legislature and legislative staff, including the other divisions within the Legislative Reference Bureau.<sup>14</sup> In addition, the Library is available for use by other government agencies and the general public.<sup>15</sup> Furthermore, the Bureau's Library is a major repository for government reports to the Legislature.<sup>16</sup> We note that with the closure of the DBEDT's reference library some years ago and the limited availability of materials from the Honolulu Municipal Reference Center, the Bureau's Library provides one of the few available resources of this nature. The Library's collection consists of over 123,000 volumes, including Hawaii statutes and case law, reports, and other state documents, an archive of bills and resolutions from 2005-2014, House and Senate journals dating back to 1901, Session Laws of Hawaii back to 1848, statute collections from the federal government and other states, and numerous other reference volumes and reports. In addition, the collection contains thousands of volumes of law reviews, scholarly journals, magazines, and other periodicals. The Library staff includes four research librarians who provide reference and research assistance, as well as assistance with Westlaw.

The Library card catalog (a/k/a CARD) is available on the Internet and is a network with the Supreme Court Law Library and the Honolulu Municipal Reference Center. The Library maintains the Legislative Reference Bureau's website and the Bureau's information intranet site, "lrb Capnet," which is designed specifically for the Legislature on the capitol network. The Library also provides an electronic news headline service called *iClips* that is emailed to legislators and legislative staff every weekday morning. This news service differs from others, such as Google News, in that the articles are read, selected, and sorted with Hawaii's legislative community in mind. In addition, the Library also distributes all LRB publications with the exception of the Hawaii Revised Statutes, its supplements, and the Session Laws of Hawaii, which, by law, are required to be distributed or sold by the Lieutenant Governor.<sup>17</sup>

The Library maintains records on several types of service requests: reference and research assistance, online database research (this involves more extensive research, including Westlaw searches, and is done only for legislators or legislative staff), legislative staff orientation and training, distribution of publications, and documents borrowed. In addition, the Library keeps records of photocopying and printouts that it prepares in response to the various requests. Over the past five years, the Library has responded to an average of over 2,800 informational and research requests each year, not including requests for photocopying or computer printouts. (See Table 5.)

<b>Table 5. LRB Library Requests for Services</b>						
<b>Request Type</b>	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>Average per Year</b>
Reference/Research	1533	1553	1714	1435	1370	1521
Online Database Research	91	67	65	59	41	65
Orientation/Training	68	54	65	22	79	58
Publications Distributed <sup>18</sup>	956	1023	987	300 <sup>19</sup>	1622	978
Documents Borrowed	287	256	256	176	201	235
<b>TOTALS</b>	<b>2935</b>	<b>2953</b>	<b>3087</b>	<b>1992</b>	<b>3203</b>	<b>2834</b>
Photocopying (pages)	4775	2678	3989	2520	2784	3349
Comp. printouts (pages)	112	225	40	81	37	99
<b>TOTALS</b>	<b>4887</b>	<b>2903</b>	<b>4029</b>	<b>2601</b>	<b>2821</b>	<b>3348</b>

A review of the Library's requests for services reveals that its resources are heavily used by both houses of the Legislature, legislative agencies, other agencies, and the public.<sup>20</sup> Relative use among requestors varies depending upon the type of request. One pattern is clear however: the Library provides services to both the Senate and House in similar percentages across all categories of service requests in most years. (See Table 6.)

<b>Table 6. LRB Library Requests by Requestor</b>										
<b>Documents Borrowed</b>										
	<b>FY09-10</b>	<b>%</b>	<b>FY10-11</b>	<b>%</b>	<b>FY11-12</b>	<b>%</b>	<b>FY12-13</b>	<b>%</b>	<b>FY13-14</b>	<b>%</b>
Senate	58	20%	40	15%	37	14%	40	22%	58	29%
House	46	16%	35	14%	53	21%	36	20%	25	12%
Legislative Agencies	72	25%	34	13%	52	20%	33	18%	48	24%
Other Gov't. Agencies	40	14%	48	19%	46	18%	8	5%	13	6%
Public	71	25%	99	39%	68	27%	59	35%	57	28%
<b>TOTAL</b>	<b>287</b>		<b>256</b>		<b>256</b>		<b>176</b>		<b>201</b>	
<b>Reference /Research<sup>21</sup></b>										
	<b>FY09-10</b>	<b>%</b>	<b>FY10-11</b>	<b>%</b>	<b>FY11-12</b>	<b>%</b>	<b>FY12-13</b>	<b>%</b>	<b>FY13-14</b>	<b>%</b>
Senate	n/a	--	92	6%	115	7%	129	9%	116	8%
House	n/a	--	148	10%	182	10%	148	10%	128	9%
Legislative Agencies	n/a	--	40	3%	29	2%	30	2%	42	3%
Other Gov't. Agencies	n/a	--	201	13%	267	16%	210	15%	180	13%
Public	n/a	--	1052	68%	1121	65%	918	64%	904	66%
<b>TOTAL</b>	<b>1655</b>		<b>1533</b>		<b>1714</b>		<b>1435</b>		<b>1370</b>	

<b>Table 6. LRB Library Requests by Requestor (continued)</b>										
<b>Publications Distributed</b>										
	<b>FY09-10</b>	<b>%</b>	<b>FY10-11</b>	<b>%</b>	<b>FY11-12</b>	<b>%</b>	<b>FY12-13</b>	<b>%</b>	<b>FY13-14</b>	<b>%</b>
Senate	106	11%	115	11%	81	8%	17	6%	212	13%
House	153	16%	192	19%	181	18%	35	12%	292	18%
Legislative Agencies	62	7%	69	7%	105	11%	61	20%	101	6%
Other Gov't. Agencies	596	62%	621	60%	592	60%	161	53%	959	59%
Public	39	4%	26	3%	28	3%	26	9%	58	4%
<b>TOTAL</b>	<b>956</b>		<b>1023</b>		<b>987</b>		<b>300<sup>22</sup></b>		<b>1622</b>	
<b>Online Database Research</b>										
	<b>FY09-10</b>	<b>%</b>	<b>FY10-11</b>	<b>%</b>	<b>FY11-12</b>	<b>%</b>	<b>FY12-13</b>	<b>%</b>	<b>FY13-14</b>	<b>%</b>
Senate	24	26%	24	36%	12	19%	16	27%	9	22%
House	28	31%	17	25%	7	11%	10	17%	9	22%
Legislative Agencies	39	43%	26	39%	45	70%	33	56%	23	56%
<b>TOTAL</b>	<b>91</b>		<b>67</b>		<b>64</b>		<b>59</b>		<b>41</b>	

Table 6 illustrates the total number of each type of request responded to by the library in each of the past five years. The table also breaks the data down by the type of request for service provided to a requesting entity and the percentage of the total.

## Public Access Room

Originally staffed by community volunteers, the Public Access Room (PAR) began operations in 1990 and was statutorily established in 1994 as part of a permanent public access program to enhance the ability of the public to participate in the legislative process. It was made part of the Legislative Reference Bureau in 1996,<sup>23</sup> and it is the only full-service taxpayer-funded resource of its kind in the country. Like all parts of the Bureau, PAR is nonpartisan and provides members of the public with access to:

- Computers for drafting testimony on legislative issues;
- Workspace for individual and/or small groups;
- The Internet for research on legislative issues and state government information;
- Legislative documents and reference materials;
- Photocopying services for testimony; and
- Television for viewing legislative broadcasts.

The Public Access Room is staffed year-round by two full-time specialists who provide research assistance, training, and outreach to members of the public who wish to understand the legislative process and to participate more effectively in their own governance. Two temporary full-time staff members are added during legislative sessions.

PAR staff members conduct numerous workshops and tutorials throughout the year, both in-house and in Hawaii's various communities (both on Oahu and on all neighbor islands except Niihau). Staff members respond to email, telephone, and walk-in inquiries regarding specific aspects of legislative process; teach people how to use various websites relevant to legislative matters; and photocopy testimony for walk-in citizens, as necessary. Staff also produce and distribute four to six newsletters annually, each designed around whichever aspect of the legislative calendar is relevant at the time of publication (current circulation @ 3000/issue). Numerous handouts, publications, videos, and workshops are written and produced for the public by the PAR staff members.

<b>Table 7. LRB Public Access Room Requests for Services</b>					
<b>Request Type</b>	<b>FY09-10</b>	<b>FY10-11</b>	<b>FY11-12</b>	<b>FY12-13</b>	<b>FY13-14</b>
Email Inquiries	842	659	571	429	571
Photocopying (pages)	103,335	89,605	60,902	61,018	69,459 <sup>24</sup>
Workshop Participants <i>(Participants on Neighbor Islands)</i>	783 <i>(155)</i>	806 <i>(116)</i>	626 <i>(116)</i>	636 <i>(156)</i>	939 <sup>25</sup> <i>(153)</i>
Telephone Inquiries	n/a	n/a	1,245 <sup>26</sup>	2,302	1,978 <sup>27</sup>
PAR walk-in patrons <sup>28</sup>	n/a	2660	3,243	4,441	4,699 <sup>26</sup>
Broadcasts <sup>29</sup>	148	138	123	99	156

Like many legislative agencies, the Public Access Room sees its number of requests peak during the legislative session. As shown in Table 10, PAR receives a variety of service requests, and the type and quantity of those requests have changed in recent years. In 2000, PAR began processing and distributing email testimony, the nation's first legislative program designed to encourage electronic participation among a state's citizenry. This very successful program was heavily used; eight years later, when documents received exceeded 10,000 per session, individual House and Senate committees assumed responsibility for testimony processing. As a result of this transfer of responsibility, the Public Access Room has experienced a sharp decline in the quantity of photocopying requests. This has enabled the PAR staff to focus more resources on its educational mission, by working with walk-in and telephone patrons and by conducting educational workshops, including an increasing number of workshops on neighbor islands.

PAR staff responds to numerous requests for information from legislative offices, executive branch agencies, and the media. PAR collaborates with the Legislature's data systems offices to increase ease of access to information. This year, at the request of the State Archives division, the PAR has provided ongoing consultation regarding data retention and procedures for online public access to that information.

## Endnotes

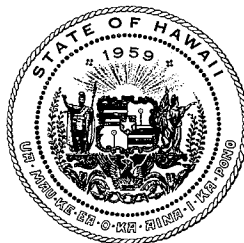
1. See section 23G-4, Hawaii Revised Statutes (HRS).
2. Recent examples of these include the Request for Proposals for Competitive Sealed Proposals to Furnish Services to Plan, Execute, and Evaluate the Legislative Broadcast Project; Invitation for Bid to Conduct Financial Audits of the Senate and the House of Representatives; and Invitation to Bid to Install, Provide, and Maintain High-Speed Wireless Internet Service in Selected Areas of the Hawaii State Capitol Building.
3. The executive departments have always been responsible for drafting their own bills and have never had access to the Legislature's computer bill drafting system. The departments submit identical bills and resolutions (measures) via the governor's legislative liaison office to both the Senate President and the Speaker of the House of Representatives for signature and introduction. The measures are sent to the respective clerk's office for numbering and these documents become the "official" measures. Every session, there can be anywhere from one hundred fifty to over two hundred measures submitted by the executive branch.

In the late 1970s, Leadership tasked the Bureau with duplicating magnetic cards (magcards) containing measures the administration submitted for introduction. Duplicate sets of the magcards were sent to both the Senate and House clerks. The Bureau was not required to format or proofread measures stored on magcards.

In the 1980s, the executive departments began using word processing software, such as IBM Display Writer, IBM OS6, Wang, Shadow, and Word Perfect, and supplied the Bureau with diskettes containing their measures. The Bureau continued its procedure of duplicating and reformatting the departments' measures, but was then also required to print and proofread them against the official measures before submitting the documents on floppy or 3-1/2" diskettes to the Senate and House clerks.

In the mid-1990s to present, the Legislature and administration switched to Word software. The governor's liaison office supplies the Bureau with diskettes or CDs containing the measures after they are submitted for introduction. Time and accuracy are very critical since measures are now posted on the Legislature's website. The Bureau continues its procedure of converting the data from the diskettes or CDs to electronic format by cutting and pasting the departments' measures into the legislature's drafting templates. Copies are printed and, thereafter, professional and administrative staff must proofread the copies against the official measures and ensure completion in a timely manner. Often, measures are not included on the CDs or do not match the official measures. In those instances, the Bureau contacts the department and requests submission of a corrected CD.
4. These statistics appear under the Research Division because the work is done by Research Division Administrative staff for the Statute Revision Division, which has only one administrative staff person assigned to it.
5. While the Bureau is responsible for publication functions, the Lieutenant Governor is responsible for all facets of the sale and distribution of the Session Laws of Hawaii, Hawaii Revised Statutes replacement volumes, and HRS supplements, including pricing. See section 23G-18, HRS.
6. The Hawaii Revised Statutes is a compilation of all of Hawaii's laws that are of a general and permanent nature.
7. The entire HRS, comprised of volumes 1 through 14 was replaced in 1993; the index in 1996. Since 2001, individual HRS volumes have been periodically replaced.
8. See sections 23G-12(7) and 91-4.2, HRS.
9. See sections 23G-12(6), 91-4.2(2), and 91-4.4, HRS.

10. See section 23G-3(8), HRS.
11. Concordance is a data management software offered by LexisNexis and used, according to LexisNexis, by over 65,000 litigation professionals to manage high volumes of documents in a cost-efficient manner. Besides managing data, Concordance provides access to the data through full-text searching, use of Boolean logic, print and report creation, and importing and exporting capabilities.
12. The Systems Office also maintains a database of the street addresses within each member's district.
13. Legislative staff offices requested training only in FY 10-11, FY 12-13, and FY 13-14.
14. See section 23G-3(6), HRS.
15. *Id.*
16. Section 93-16, HRS, mandates that all government agency reports required to be submitted to the Legislature also be submitted to the LRB's library. Further, section 23G-5, HRS, requires the LRB to develop and maintain a report tracking system for reports by executive agencies and the judiciary that, by law, are required to be submitted to the Legislature.
17. See section 23G-18, HRS.
18. In an effort to reduce postage costs due to budget cuts in FY 09-10 and FY 10-11, the Bureau was forced to reduce the number of hard copies of printed reports. However, electronic copies of all Bureau publications are available online on the Bureau's website.
19. The publications distribution count for FY 12-13 is unusually low because the Directory of State, County and Federal Officials, which is normally printed and distributed in March of each year, was instead printed and distributed in July/August of FY 13-14.
20. It is not clear what percentage of research requests are made by the Research Division of LRB; however, the volume and complexity of research conducted by that division would suggest that a significant percentage of research and online research requests completed by the Library are in support of the Research Division.
21. The breakdown of these requests were no longer available for FY 06-07, FY 07-08, and FY 08-09. Only the total figures, as reported in the Library's statistics that accompanied the Bureau's yearly budget proposal to the Legislature, are shown for these years.
22. The publications distribution count for FY 12-13 is unusually low because the Directory of State, County and Federal Officials, which is normally printed and distributed in March of each year, was instead printed and distributed in July/August of FY 13-14.
23. See sections 21G-2 and 23G-3(12), HRS.
24. Does not include pages printed directly from public terminals. Includes copies made for legislators to distribute to constituents.
25. Neighbor island participants = 153. In addition, PAR presents an overview of its services and the importance of citizen involvement to upwards of a thousand people each year.
26. Estimated telephone inquiries for FY 11-12 is 1,488 (an additional 24 inquiries estimated using monthly averages when no daily data was collected).
27. Due to lack of data, these statistics reflect only confirmed instances of room use and telephone inquiries; actual room use and telephone inquiry totals are estimated to be considerably higher.
28. The Public Access Room only began to record data on the number of walk-in users during the 2010-2011 fiscal year. This number represents a daily count of visits to Room 401 and does not include multiple visits during a day.
29. As contract coordinator for the Legislative Broadcast Program, PAR selects events for broadcast, oversees production activity, and approves all billing. This number reflects the number of hearings, information briefings, sessions, or confirmation hearings that were broadcast.



**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,  
ON HOUSE BILL NO. 1465  
MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES  
OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE  
BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

**House Committee on Finance**

**February 4, 2015**

Chair Luke and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill No. 1465 that would, among other purposes, appropriate funds for our office for FY2015-2016.

**Budget request**

In summary, our budget request of \$2,797,349 in general funds for operations represents a flat budget. Exhibit 1 presents our proposed budget by program and compares amounts to the current year's budget. Exhibit 2 presents our budget request by objects of expenditure. Exhibit 3 shows our current budget and estimated expenditures.

**Office update**

I am pleased to report to you that again this past year, the financial statements for our office, the Legislative Reference Bureau, the Ombudsman, and the Ethics Commission (which is administratively attached to our office) have earned clean opinions from a contracted CPA firm.

We have also again won a Certificate of Impact from the National Legislative Program Evaluation Society (NLPES), a staff section of the NCSL. The award was for our 2013 Report

No. 13-09, *Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority*, and was announced at the NCSL's 2014 Legislative Summit in Minneapolis and presented at the NLPES' 2014 Professional Development Seminar in Raleigh.

As an office, we remain active in our profession, serving as training conference speakers—both at the NCSL Legislative Summit and the NLPES Professional Development Seminar—and as legislative staff leaders. I serve as staff co-chair of the NCSL International Relations Task Force and as a member of NCSL's Foundation, its Legislative Staff Coordinating Committee, and Budgets and Revenues Standing Committee. My Deputy Auditor, Rachel Hibbard, serves as an officer of the NLPES Executive Committee and my Administrative Deputy Auditor, Ron Shiigi, actively participates in the Hawai'i Chapter of the Association of Government Accountants (AGA) to develop relevant government audit training.

In addition to building our knowledge through training and involvement in legislative- and audit-related organizations, we continue to build capacity within our office to fulfill our many legislative and statutory responsibilities even as we remain budget neutral. By re-assessing and re-aligning our resources—including personnel, IT infrastructure, and other office resources—we have not only delivered all our assignments, on time, but have been able to absorb growing work, including funds reviews and financial audit work.

## **Our reports**

Exhibit 4 lists our reports to the 2014 and 2015 Legislatures. We have worked diligently this year to deliver all requested and statutorily-mandated work to the Legislature by its deadline. We conducted a variety of assignments, including performance and financial audits, studies, sunrise analyses, mandatory health insurance reviews, follow-up reports on agency implementation of audit recommendations, working group administration, and fund reviews. I want to thank all my audit teams, managers, and support staff who played a role in delivering meaningful audits and information to assist you with your legislative decision-making.

Regarding fund reviews, you may recall Act 130 (SLH 2013) added special funds and the departments of Defense and Transportation to our five-yearly rotating review of all non-general funds. In 2014, our funds review included ATG, DBEDT, and UH. With the addition of their special funds, we reviewed 139 funds—an increase of 50 funds over our last review of these agencies in 2009, when we reviewed 89 funds and accounts.

Our 2013 funds review—which included DAGS, AGR, B&F, DLNR, DOT, and DOD—resulted in a review of over 250 funds, an increase of about 170 funds over our last review of those agencies. Given the increase in the number of non-general funds to review each year, in future years we may ask to redistribute the departments to more evenly spread our funds review over the five-year review cycle.

To better showcase our reports, this year we developed in-house and launched a new website featuring our recently released reports and a re-tooled reports page that enables viewers to sort reports by year, report number, title, agency, and category. Also, recognizing that many of our viewers—including legislators—no longer view reports from desktop computers, we designed our website to resize for viewing on mobile devices. If you haven't already done so, I encourage you to visit our website at <http://auditor.hawaii.gov>.

As we do every year, we will be contacting legislators who introduce bills that propose new special or revolving funds. Section 23-11, HRS, requires us to analyze such bills and submit our analyses by 30 days prior to *sine die* (roughly April 7). Our practice is to submit these analyses by mid-February so that all committees of referral can review them. Last year, we submitted 37 funds reports on 61 bills by our self-imposed deadline. Thank you to you and your staff for your expeditious responses to our questions.

### **Financial audits**

The financial statement audit contracts that we administer through our Audit Revolving Fund include the State of Hawai'i's Comprehensive Annual Financial Report (CAFR). These contracts are shown in Exhibit 5. Over the past year, we have worked especially closely with the

administration on this very important work and I am happy to report that for the first time in ten years, the CAFR was delivered by its December 2014 deadline. We hope to earn the coveted Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting, an award given to individual governments that succeed in preparing CAFR reports that evidence the spirit of transparency and full disclosure. On-time issuance of the CAFR and achievement of this award can positively affect the ability of the State to issue general obligation bonds to fund capital improvement projects that benefit the public. I want to congratulate the comptroller, finance director, the State's administration, and the contracted CPA firm—Accuity LLP—on this achievement. Additionally, we are on target to issue the statewide Single Audit by its March 2015 deadline.

Finally, my thanks to you and the entire Legislature for its enduring support of our constitutional and statutory responsibilities. I ask for your favorable consideration of this budget request. I welcome your questions.

**OFFICE OF THE AUDITOR**  
**Budget for FY2015-16**  
**(With Comparative Amounts for FY2014-15)**

Exhibit 1

<b>AUDIT</b>	<b>2014-2015</b>		<b>2015-2016</b>	
Personal services				
Staff	1,178,440	(18)	1,178,440	(18)
Contract	134,942		134,942	
Other expenses	87,609		87,609	
	<u>1,400,991</u>		<u>1,400,991</u>	
<b>Total audit</b>				
	<u>1,400,991</u>		<u>1,400,991</u>	
<b>PROGRAM EVALUATION AND SPECIAL STUDIES</b>				
Personal services				
Staff	523,751	(8)	523,751	(8)
Contract	59,974		59,974	
Other expenses	38,937		38,937	
	<u>622,662</u>		<u>622,662</u>	
<b>Total program evaluation and special studies</b>				
	<u>622,662</u>		<u>622,662</u>	
<b>LEGISLATIVE SERVICES</b>				
Personal services - staff	261,876	(4)	261,876	(4)
Other expenses	19,468		19,468	
	<u>281,344</u>		<u>281,344</u>	
<b>Total legislative services</b>				
	<u>281,344</u>		<u>281,344</u>	
<b>SUNSET EVALUATIONS AND SUNRISE ANALYSES</b>				
Personal services - staff	65,469	(1)	65,469	(1)
Other expenses	4,867		4,867	
	<u>70,336</u>		<u>70,336</u>	
<b>Total sunset evaluation and sunrise analyses</b>				
	<u>70,336</u>		<u>70,336</u>	
<b>FOLLOW-UP</b>				
Personal services - staff	196,407	(3)	196,407	(3)
Other expenses	14,601		14,601	
	<u>211,008</u>		<u>211,008</u>	
<b>Total follow-up</b>				
	<u>211,008</u>		<u>211,008</u>	
<b>GENERAL SUPPORT</b>				
Personal services - staff	196,407	(3)	196,407	(3)
Other expenses	14,601		14,601	
	<u>211,008</u>		<u>211,008</u>	
<b>Total general support</b>				
	<u>211,008</u>		<u>211,008</u>	
<b>TOTAL OPERATING BUDGET</b>	<u>2,797,349</u>	(37)	<u>2,797,349</u>	(37)
<b>AUDIT REVOLVING FUND</b>	<u>2,800,000</u>		<u>2,800,000</u>	

**OFFICE OF THE AUDITOR**  
**Statement Showing Budget for Office Operations**  
**By Object of Expenditure for FY2015-16**

Exhibit 2

**Operating Budget**

Personal services:

Staff salaries	\$2,422,349
Contractual services	<u>194,916</u>
Total personal services	<u>2,617,265</u>

Other expenses:

Office Expenses	47,500
Intrastate transportation and travel	4,800
Out-of-state travel	42,000
Training	12,000
Printing	5,000
Rental and maintenance of equipment	20,000
Books	500
Equipment	46,284
Miscellaneous	<u>2,000</u>
Total other expenses	<u>180,084</u>

Total operating budget	<u><u>\$2,797,349</u></u>
------------------------	---------------------------

**Audit Revolving Fund**

*Expenditure Ceiling*

\$2,800,000

\$6,300,000

**OFFICE OF THE AUDITOR**  
**Statement Showing Budget and Estimated Expenditures**  
**By Object of Expenditure for FY2014-2015**

Exhibit 3

	<u>Budget</u>	<u>Estimated</u>	<u>Variance</u>
Personal services:			
Staff salaries	\$ 2,268,849	\$ 2,073,530	\$ 195,319
Cost adjustments (Act 138, SLH 2013)	153,500	153,500	-
Contractual services	194,916	194,916	-
Total personal services	<u>\$ 2,617,265</u>	<u>\$ 2,421,946</u>	<u>\$ 195,319</u>
Other expenses:			
Office expenses	\$ 45,500	\$ 45,500	\$ -
Intrastate transportation and travel	4,800	4,800	-
Out-of-state travel	42,000	42,000	-
Training	12,000	12,000	-
Printing	7,000	7,000	-
Rental and maintenance of equipment	20,000	20,000	-
Books	500	500	-
Equipment	46,284	46,284	-
Miscellaneous	2,000	2,000	-
Total other expenses	<u>\$ 180,084</u>	<u>\$ 180,084</u>	<u>\$ -</u>
 TOTAL	 <u>\$ 2,797,349</u>	 <u>\$ 2,602,030</u>	 <u>\$ 195,319</u>
Act 97 (2013) Workers' Compensation Medical Fee Schedule	\$ 150,000	\$ 150,000	\$ -
Special Studies Appropriation (Act 1, SLH 2013)	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>
Audit Revolving Fund Appropriation (Act 1, SLH 2013)	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>	<u>\$ -</u>

**Office of the Auditor**  
**Current Work and Reports Submitted to the 2014 and 2015 Legislatures**

***Performance audits, studies, and other work***

Report No.	Title	Work performed pursuant to
<b>Performance audits and other reports issued in 2014</b>		
14-01	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Departments of Accounting and General Services, Agriculture, and Budget and Finance	§23-12, HRS
14-02	Audit of the Department of Human Services' Med-QUEST Division and Its Medicaid Program	HCR 184 (2013)
14-03	Sunrise Analysis: Regulation of Unaccredited Degree Granting Institutions	SCR 119, SD1 (2013)
14-04	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Departments of Defense and Land and Natural Resources	§23-12, HRS
14-05	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation	§23-12, HRS
14-06	Report on the Implementation of State Auditor's 2011 Recommendations	§23-7.5, HRS
—	Letter to the President of the Senate and Speaker of the House of Representatives on Act 97 SLH 2013	Act 97, SLH 2013
14-07	Follow-Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve	§23-4, HRS
14-08	Study of Proposed Mandatory Health Insurance for Treatment of Orofacial Anomalies	HCR 100 (2014)
14-09	Study of the Civil Service Exemption Process	Act 199, SLH 2014
14-10	Study of Proposed Mandatory Health Insurance for Hearing Aids	SCR 34 SD1 (2014)
14-11	Audit of the Hawai'i State Foundation on Culture and the Arts	Act 138, SLH 2014
14-12	Sunrise Analysis: Medical Marijuana Dispensaries	HCR 74 (2014)
14-13	Review of Special Funds, Revolving Funds, Trust Funds and Trust Accounts of the Departments of the Attorney General and Business, Economic Development and Tourism	§23-12, HRS
—	State-County Functions Working Group (Transient Accommodations Tax) Interim Report	Act 174, SLH 2014

**Office of the Auditor**  
**Current Work and Reports Submitted to the 2014 and 2015 Legislatures**

Report No.	Title	Work performed pursuant to
14-14	Sunrise Analysis: Regulation of Herbal Therapists	SCR 31 SD1 (2014)
14-15	Sunrise Analysis: Regulation of Veterinary Technicians	HCR 66 (2014)
14-16	Audit of the Department of Health's Glass Advance Disposal Fee Program	SCR 74 SD1 HD1 (2014)
14-17	A Study to Identify Local Alternatives to Shipping Non-Deposit Glass out of the State of Hawai'i	SCR 74 SD1 HD1 (2014)
14-18	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the University of Hawai'i	§23-12, HRS

**Performance audits and other reports issued in 2015**

15-01	Audit of the Hawai'i Health Connector	§§23-4 and 435H-2(d), HRS
-------	---------------------------------------	---------------------------

**Proposed fund reviews**

—	We expect to perform up to 57 reviews of proposed special and revolving funds during the 2015 legislative session.	§23-11, HRS
---	--	-------------

**Financial work**

Report No.	Title	Work performed by
<b>Financial statement audits issued in 2014</b>		
—	Department of Accounting and General Services, <b>Stadium Authority</b> – June 30, 2013 Financial Statements	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs LLC
—	Department of Accounting and General Services, <b>State Motor Pool</b> Revolving Fund – June 30, 2013 Financial Statements	Egami & Ichikawa CPAs Inc.
—	Department of Accounting and General Services, <b>State Parking</b> Revolving Fund – June 30, 2013 Financial Statements	Egami & Ichikawa CPAs Inc.
—	Department of Budget and Finance, <b>Employees' Retirement System</b> – June 30, 2011 Financial Statements	KPMG LLP
—	Department of Budget and Finance, <b>Employees' Retirement System</b> – June 30, 2012 Financial Statements	KPMG LLP
—	Department of Budget and Finance, Hawai'i <b>Employer-Union Health Benefits Trust Fund</b> – June 30, 2013 Financial Statements	PKF Pacific Hawai'i LLP

**Office of the Auditor**  
**Current Work and Reports Submitted to the 2014 and 2015 Legislatures**

Report No.	Title	Work performed by
—	Department of Business, Economic Development & Tourism, <b>Hawai'i Community Development Authority</b> – June 30, 2013 Financial Statements	Ohata Chun Yuen CPAs LLP
—	Department of Business, Economic Development & Tourism, <b>Hawai'i Housing Finance and Development Corporation</b> – June 30, 2013 Financial Statements and Single Audit Report	Accuity LLP
—	Department of Business, Economic Development & Tourism, <b>Hawai'i Tourism Authority</b> – June 30, 2013 Financial Statements	KPMG LLP
—	<b>Department of Education</b> – June 30, 2013 Financial Statements and Single Audit Report	N&K CPAs Inc.
—	<b>Department of Hawaiian Home Lands</b> – June 30, 2013 Financial Statements and Single Audit Report	Accuity LLP
—	<b>Department of Health</b> – June 30, 2013 Financial Statements and Single Audit Report	Accuity LLP
—	Department of Health, <b>Drinking Water Treatment</b> Revolving Fund – June 30, 2013 Financial Statements	Accuity LLP
—	Department of Health, <b>Water Pollution Control</b> Revolving Fund – June 30, 2013 Financial Statements	Accuity LLP
—	<b>Department of Human Services</b> – June 30, 2013 Financial Statements and Single Audit Report	KMH LLP
—	Department of Human Services, <b>Hawai'i Public Housing Authority</b> – June 30, 2013 Financial Statements and Single Audit Report	KMH LLP
—	<b>Department of the Attorney General</b> – June 30, 2013 Financial Statements and Single Audit Report	Akamine, Oyadomari & Kosaki CPAs
—	<b>Department of Transportation, Administration Division</b> – June 30, 2013 Financial Statements and Single Audit Report	CW Associates CPAs
—	Department of Transportation, <b>Airports Division</b> – June 30, 2013 Financial Statements	KPMG
—	Department of Transportation, <b>Airports Division</b> – June 30, 2013 Single Audit Report	KPMG
—	Department of Transportation, <b>Harbors Division</b> – June 30, 2013 Financial Statements	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs LLC

**Office of the Auditor**  
**Current Work and Reports Submitted to the 2014 and 2015 Legislatures**

Report No.	Title	Work performed by
—	Department of Transportation, <b>Harbors Division</b> – June 30, 2013 Single Audit Reports	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs LLC
—	Department of Transportation, <b>Highways Division</b> – June 30, 2013 Financial Statements	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs LLC
—	Department of Transportation, <b>Highways Division</b> – June 30, 2013 Single Audit Report	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs LLC
—	Department of Transportation, <b>Oahu Metropolitan Planning Organization</b> – June 30, 2013 Financial Statements and Single Audit Report	Gilford Sato & Associates CPAs Inc.
—	<b>State of Hawai'i Comprehensive Annual Financial Report</b> – June 30, 2013	Deloitte & Touche LLP
—	<b>State of Hawai'i Comprehensive Annual Financial Report</b> – June 30, 2014	Accuity LLP
—	<b>State of Hawai'i Single Audit Report</b> – June 30, 2013	Deloitte & Touche LLP
<b>Financial statement audits issued in 2015</b>		
—	Department of Accounting and General Services, <b>Stadium Authority</b> – June 30, 2014 Financial Statements	KKDLY LLC
—	Department of Budget and Finance Hawai'i <b>Employer-Union Health Benefits Trust Fund</b> - June 30, 2014 Financial Statements	KKDLY LLC
—	Department of Business, Economic Development and Tourism, <b>Hawai'i Community Development Authority</b> – June 30, 2014 Financial Statements	Ohata, Chun & Yuen CPAs, Inc.
—	Department of Business, Economic Development and Tourism, <b>Hawai'i Housing Finance and Development Corporation</b> – June 30, 2014 Financial Statements and Single Audit Report	Accuity LLP
—	Department of Business, Economic Development and Tourism, <b>Hawai'i Tourism Authority</b> – June 30, 2014 Financial Statements	KPMG LLP
—	<b>Department of Hawaiian Home Lands</b> – June 30, 2014 Financial Statements and Single Audit Report	Accuity LLP
—	<b>Department of Transportation, Administration Division</b> – June 30, 2014 Financial Statements and Single Audit Report	CW Associates CPAs

**Office of the Auditor**  
**Current Work and Reports Submitted to the 2014 and 2015 Legislatures**

Report No.	Title	Work performed by
—	<b>Department of Transportation, Airports Division – June 30, 2014</b> Financial Statements	KPMG LLP
—	<b>Department of Transportation, Harbors Division – June 30, 2014</b> Financial Statements	KKDLY LLC
—	<b>Department of Budget and Finance, Employees' Retirement System –</b> June 30, 2013 Financial Statements	KPMG LLP

Rev. 2/3/15

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FY2016 Fees	Funding Source Breakdown			General Fund Request (General Fund portion of fees)
			General Fund	Non-GF (Reimbursement)		
	Department of Accounting and General Services					
1	CAFR-Combined Single Audits ICSD - SSAE 16: IT Controls	\$ 1,600,000	100.0%	0.0%	n/a	\$ 1,600,000
2	DAGS - Stadium Authority (& agreed upon procedures) Schedule of gross receipts & percentage rent reported and paid by the Concessionaire Agreed-upon proc: Reserve act of Concessionaire & F&B operations of the Concessionaire Schedule of gross receipts & percentage commission paid by the Swap Meet Mgt Co.	\$ 82,000	0.0%	100.0%	Special	\$ -
3	DAGS - State Parking Revolving Fund DAGS - State Motor Pool Revolving Fund	\$ 49,000	0.0%	100.0%	Special	\$ -
4	Department of the Attorney General	\$ 105,000	55.0%	45.0%	Federal	\$ 57,750
	Department of Budget and Finance					
5	Hawaii Employer - Union Health Benefits Trust Fund	\$ 127,000	0.0%	100.0%	Trust	\$ -
6	Employees' Retirement System	\$ 192,000	0.0%	100.0%	Other Non-GF	\$ -
	Department of Business, Economic Development & Tourism					
7	Hawaii Housing Finance & Development Corporation	\$ 254,000	0.0%	100.0%	Special	\$ -
8	HTA - Hawaii Tourism Authority	\$ 122,928	0.0%	100.0%	Special	\$ -
9	Hawaii Convention Center - Special Purpose F/S Hawaii Community Development Authority	\$ 39,100	0.0%	100.0%		\$ -
10	Department of Education	\$ 395,000	90.0%	10.0%	Federal	\$ 355,500
11	Department of Hawaiian Home Lands	\$ 160,000	0.0%	100.0%	Trust	\$ -
12	Department of Health Water Pollution Control Revolving Fund Drinking Water Treatment Revolving Loan Fund Deposit Beverage Container Program	\$ 385,000	70.0%	30.0%	Federal	\$ 269,500
		\$ -	Charge back 100% to DBC program			\$ -
13	Department of Human Services	\$ 425,000	52.043%	47.957%	Federal	\$ 221,183
14	Hawaii Public Housing Authority	\$ 350,000	0.0%	100.0%	Various	\$ -
	Department of Transportation					
15	Administration	\$ 37,000	0.0%	100.0%	Special	\$ -
16	Airports	\$ 430,000	0.0%	100.0%	Special	\$ -
17	Harbors	\$ 203,000	0.0%	100.0%	Special	\$ -
18	Highways	\$ 306,000	0.0%	100.0%	Special	\$ -
19	Oahu Metropolitan Planning Organization	\$ 20,500	0.0%	100.0%	Special	\$ -
TOTAL Managed 19 Contracts:		\$ 5,282,528				\$ 2,503,933
Reserve for Estimated Adjustments/Overages:		\$ 1,017,472				\$ 296,067
TOTAL Requested Budget Amounts:		\$ 6,300,000				\$ 2,800,000

From: mailinglist@capitol.hawaii.gov  
Sent: Monday, February 02, 2015 6:37 PM  
To: FINTestimony  
Cc: thirr33@gmail.com  
Subject: Submitted testimony for HB1465 on Feb 4, 2015 14:00PM

**HB1465**

Submitted on: 2/2/2015

Testimony for FIN on Feb 4, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Arvid Tadao Youngquist	Individual	Support	No

Comments: House Committee on Finance Chair Rep. Sylvia Luke, and Honorable Committee Members I support HB 1465 Making Appropriations to Provide for the Expenses of the Legislature, the Auditor, the Legislative Reference Bureau, the Ombudsman, and the Ethics Commission. Thanks to the following bi-partisan sponsors of the legislation: Representatives SOUKI, FUKUMOTO CHANG, & SAIKI. I understand that the House does not plan to hold weekend hearings this Session. But the Senate already has done so and as the Sessions draws to adjournment, the pace is bound to be fast and furious in order to reconcile the differences between House and Senate legislations. Therefore, I respectfully ask a modest allocation to the PAC (Public Access Room) which is a part of the Legislative Reference Bureau, in order to stay open for business during the work week until somewhere between 6 pm-7 pm. The Finance Committee has been known to hold decision making and marathon hearings from the get-go, so it makes some sense to have the Access Room available for those who do not possess a laptop or a PC at home. In addition, further request some additional allocation to provide personnel to keep the Access Room open during Saturday at least during the period of scheduled hearings. Your affirmative consideration, I am sure will be appreciated, not only by your colleagues in the other Chamber, but by many non-professional advocates who frequent the Legislature on many important matters relative to your legislations. It is imperative that their individuals be heard and articulated beyond what professional lobbyists and administration officials will provide. I view the Capitol as the People's House, and I am sure that when you first came to the Legislature, that is the view you held, and for those rare veteran lawmakers, and there still are a number of those rare breeds, the idealism and pragmatism have made a "happy medium" to promote the greater good. Thank you for this opportunity to express my support for HB 1465 introduced by Representatives SOUKI, FUKUMOTO CHANG, & SAIKI. Mahalo nui loa, Arvid Tadao Youngquist  
Oahu Resident & Voter

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)